GOVERNMENT OF INDIA
RAILWAYS
LOK SABHA

UNSTARRED QUESTION NO:5248
ANSWERED ON:05.04.2017
Cross Subsidy
Kharge Shri Mallikarjun

Will the Minister of RAILWAYS be pleased to state:

(a) the details of the current level of cross subsidy which persists in Indian Railways due to compensation for passenger fares by higher freight tariffs;

(b) the details of the impact of this cross subsidy on the competitiveness of railway freight services as compared to road freight transport services;

(c) whether the Government is considering the creation of an independent railway tariff authority for setting passenger and freight fares; and

(d) if so, the details thereof and if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF RAILWAYS

(SHRI RAJEN GOHAIN)

(a) to (d) A Statement is laid on the Table of the House.

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STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF UNSTARRED QUESTION NO. 5248 BY SHRI MALLIKARJUN KHARGE TO BE ANSWERED IN LOK SABHA ON 05.04.2017 REGARDING CROSS SUBSIDY

(a) Traditionally, the losses on the Passenger side have been compensated by Freight rates. During the year 2015-16 (latest available), the overall losses in Passenger (Suburban and Non-Suburban) and other coaching services was ? 35918.39 crore.
(b) The tariff policy on Indian Railways has been to keep passenger fares low especially in the lower classes so that even the poorest segment of the people can travel by rail. On the other hand the freight rates have been increased periodically. Increase in freight rate on regular basis, compromised the competitiveness of Railways with the other modes of transport particularly road sector. Though the tariff structures in respect of freight transportation by road vis-Ã -vis rail are not comparable, various steps have been taken to progressively upgrade Railway's competitive edge over other modes of transport which include inter-alia the implementation of differential tariff regime for specifically addressing situations arising out of skewed demand during different periods of the year as well as across different regions of the country.

(c) & (d) In the Rail Budget 2015-16, setting up of a mechanism for making regulations, setting performance standards, determining tariffs and dispute resolution was announced. The proposed Rail Development Authority is envisaged to undertake functions such as tariff determination, ensuring fair play and level playing field for private investments, setting efficiency and performance standards and dissemination of information. The role of Rail Development Authority is envisaged to be advisory that is laying down principles for tariff determination. No time frame has been fixed for setting up the Rail Development Authority.
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